### **What is an Organization?**

An **organization** is a group of people working together to achieve common goals. It can be a business, a non-profit, or any other type of group with a shared purpose.

### **Examples of Organizations**

* **Apple Inc.**: A large company that makes technology products.
* **Red Cross**: A non-profit organization that provides emergency assistance and disaster relief.

### **Different Kinds of Organizations**

1. **Sole Trader**
   * **Definition**: A business owned and operated by one person.
   * **Responsibility**: The owner is personally responsible for all profits and losses.
   * **Example**: A local bakery owned by a single person.
2. **Partnership**
   * **Definition**: A business owned by two or more people who share profits and responsibilities.
   * **Responsibility**: Each partner is personally liable for the business's debts and losses.
   * **Example**: A law firm with two or more lawyers.
3. **Limited Company**
   * **Definition**: A business structure where the company's liability is limited to the amount invested by shareholders.

In a limited company, if it's owned by 4 people and has 50 shares, the profit is shared among all shareholders based on their ownership. Owners are not personally responsible for the company's debts or losses. Their liability is limited to the amount they invested in the shares. If the company makes a profit, all shareholders, including the 4 owners, benefit. In case of losses or debts, they can only lose the money they spent on their shares.

**Private Limited Company (Ltd)**

* **Shares**: Shares are owned by a small group of people (such as family, friends, or private investors). Shares are not available for the public to buy.
* **Trading**: Shares cannot be bought or sold on the stock market.
* **Example**: A local café owned by a few investors. The shares are not publicly available, and decisions are made by the owners or a small group of shareholders.

**Public Limited Company (PLC)**

* **Shares**: Shares are available for the public to buy and sell on the stock market.
* **Trading**: Shares are traded on a stock exchange, which makes it easy for anyone to buy or sell shares.
* **Example**: A large company like Tesco. Shares can be bought by anyone on the stock market, and the company is required to follow strict reporting and regulatory requirements.

### **Types of Organizations**

1. **Commercial**: Businesses that aim to make a profit.
   * **Example**: Amazon.
2. **Public**: Government or government-supported organizations that serve the public.
   * **Example**: National Health Service (NHS) in the UK.
3. **Not-for-Profit**: Organizations that focus on social causes without aiming for profit.
   * **Example**: World Wildlife Fund (WWF).

### **Liabilities vs. Assets**

* **Liabilities**: What a company owes (debts).
  + **Example**: A business loan.
* **Assets**: What a company owns (valuable items).
  + **Example**: Office equipment or inventory.

**Assets** are the items your company owns that can provide future economic benefit.

**Liabilities** are what you owe other parties.

**In short, assets put money in your pocket, and liabilities take money out!**

**Setting up a company**

You don't need a lawyer or accountant to start a company. A simple option is to buy an already-formed company, then change its name and purpose. In the UK, it costs £100 to register a company quickly, though it may take longer with paperwork. The UK and US make it easy and fast to start a company, while it can take longer and cost more in other countries.

**Two documents (Constitution of a Limited Company)**

1. **Memorandum of Association (External)**
   * **Function**: Sets out the company’s name, location, and other key details. It is publicly available.
   * **Example**: Describes that the company is called “Tech Innovators Ltd” and is based in London.
2. **Articles of Association (Internal)**
   * **Function**: Defines the internal rules and procedures of the company, such as the roles of board members and how decisions are made.
   * **Example**: Outlines who will be the board of directors and the internal procedures for meetings.

### **Directors**

* **Definition**: Individuals who are responsible for managing the company. In larger companies, directors may be employed professionals, not necessarily shareholders.

### **Takeovers**

* **Definition**: When one company (Company B) acquires another company (Company A) by buying its shares.
  + **Example**: When Uber acquired Careem, Uber bought Careem’s shares to take over the company.

### **Mergers**

* **Definition**: When two companies (Company A and Company B) combine to form a new company (Company C).
  + **Example**: Two banks merging to form a new, larger bank.

### **Management Buyouts**

* A Management Buyout (MBO) is when a company's management team buys the business they work for, often with the help of external financing. This allows the managers to take control of the company they know well, instead of a third party. MBOs usually happen when the current owners want to sell the business or retire. The management team becomes the new owners and takes over the operations and decision-making.

### **Outsourcing**

Outsourcing is when a company hires another company to handle tasks or services it used to do itself. For example, a company might outsource its customer service to a firm that specializes in it. This allows the company to focus on its core activities while letting an external provider manage certain functions more efficiently.

**Commercial Bodies**: These are businesses or companies that aim to make a profit by selling goods or services. Examples include private companies and corporations.

**Non-Commercial Bodies**: These organizations focus on helping the public or supporting a cause, not making money. Examples include charities, government agencies, and non-profit organizations.

**Key Difference**: Commercial bodies are focused on earning money, while non-commercial bodies are focused on serving people or specific causes.

**Other Non-Profit Organizations**

Non-profit organizations are groups that don't try to make money. Examples include charities like Oxfam and groups like BCS. These organizations operate like companies, but instead of selling shares, members pay a small fee to join. They cannot give any profits to their members. Many nonprofits can apply for charity status, which gives them special benefits. For example, BCS is run by a board of trustees and gets help from members and volunteers to do its work.